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NEWS RELEASE

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FOR RELEASE January 16, 2015

Auditor of State Mary Mosiman today released a report on a special investigation of the Martensdale-St. Marys Community School District for the period July 1, 2009 through April 30, 2014. The special investigation was requested by District officials after the former softball coach, Todd Verwers, stated he deposited certain softball collections to a credit union account not maintained by the District and he spent a portion of those collections from the same account.

Mosiman reported the special investigation identified \$4,258.00 of undeposited collections related to the softball program, including \$1,450.00 from proceeds for athletic camps, \$1,100.00 of estimated sign sales, and \$1,708.00 from apparel and equipment resale items which were diverted to the non-District account. Mosiman also reported it was not possible to determine whether other collections were properly deposited because supporting documentation, such as camp rosters and sales records for apparel or equipment, were not maintained.

Mosiman also reported of the \$4,258.00 softball collections diverted to the non-District account, \$1,567.00 was spent to support the softball program. Although some of the diverted collections appear to be spent to support the softball program, depositing the collections to the non-District account allowed Mr. Verwers to circumvent the District's approval process for disbursements.

Mosiman reported Mr. Verwers provided a \$521.00 check to the District from the non-District account for proceeds from camps held in 2013 and 2014 which were not spent to purchase t-shirts for camp participants. The remaining \$2,170.00 of collections diverted to the non-District account remain in the account.

The report includes recommendations to strengthen internal controls, including segregating duties, ensuring District officials periodically review financial reports for student activity accounts, and sponsors of student activities receive periodic reports of financial activity.

Copies of the report have been filed with the Warren County Sheriff's Office, the Division of Criminal Investigation, the Warren County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1430-4122-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
SOFTBALL PROGRAM
WITHIN THE
MARTENSDALE-ST. MARYS COMMUNITY SCHOOL DISTRICT

FOR THE PERIOD
JULY 1, 2009 THROUGH APRIL 30, 2014**

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Auditor of State's Report

To the Board of Education of the
Martensdale-St. Marys Community School:

As a result of concerns regarding certain financial transactions of the District's softball program and at the request of District officials, we conducted a special investigation of the Martensdale-St. Marys Community School District (District). We applied certain tests and procedures to selected financial transactions for the period July 1, 2009 through April 30, 2014, unless otherwise noted. Based on a review of relevant information and discussions with District officials and personnel, we performed the following procedures.

- 1) Interviewed District staff to obtain an understanding of the internal controls over the District's collection and purchasing procedures to determine if adequate policies and procedures were in place and operating effectively.
- 2) Reviewed documentation compiled by District officials, including notations of meetings with former softball coach, Todd Verwers, to obtain an understanding of concerns identified by District officials and subsequent actions.
- 3) Obtained and reviewed the statements for a non-District checking account established by Mr. Verwers at a credit union to determine the amounts deposited to and disbursed from the account. We also obtained and reviewed supporting documents for transactions from the account from January 1, 2011 through April 30, 2014 to determine the source of certain deposits and the nature of disbursements. Supporting documents for transactions prior to January 1, 2011 were not readily available from the financial institution.
- 4) Reviewed financial activity recorded in the District's accounting system from July 1, 2006 through June 30, 2014 to determine if the types and amounts of collections recorded each year were comparable and determined the propriety of inconsistencies.
- 5) Interviewed Mr. Verwers to obtain an understanding of financial transactions associated with the District's softball program and financial transactions in the non-District checking account held by Mr. Verwers.


These procedures identified \$4,258.00 of undeposited collections between January 1, 2011 and April 30, 2014 related to the softball program, including camp registration fees, proceeds from sign advertisements, and collections for apparel and equipment resale items. We were unable to determine if any additional softball collections were not properly deposited during the period of our investigation because adequate records were not available.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the softball program at Martensdale-St. Marys Community School District, other matters might have come to our attention which would have been reported to you.

Copies of the report have been filed with the Warren County Sheriff's Office, the Division of Criminal Investigation, the Warren County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Martensdale-St. Marys Community School District during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 12, 2014

Report on Special Investigation of the
Softball Program within the
Martensdale-St. Marys Community School District

Investigative Summary

Background Information

According to the 2013 Certified Enrollment report filed with the Iowa Department of Education, the Martensdale-St. Marys Community School District (District) serves approximately 540 students in Warren County. The District is governed by a 5 member Board which meets each month.

The District provides support to the athletics, music, and arts programs available for student participation. Individual accounts are also maintained within the District's accounting system for each activity, such as softball. Each student activity is overseen by an adult sponsor. The sponsors may be District faculty members or other adults hired by the District.

Todd Verwers began employment with the District as the head high school softball coach and junior high softball coach in 2007. Mr. Verwers remained the softball coach through the 2013 season. During his tenure with the District, he was also the head coach or assistant coach of the junior high football and girls' basketball teams. He also contracted with the District as an activity bus driver and special education bus driver.

As the high school softball coach, Mr. Verwers was responsible for organizing practices and guiding the team during games. According to District officials, he also solicited funds from area businesses each year in exchange for advertising on signs placed around the softball field.

District officials also stated athletic coaches and sponsors of all activities are responsible for collecting and remitting fundraising proceeds, donations, and any registration fees collected for District-sponsored camps. According to District officials, Mr. Verwers held softball camps for youth in the District during 2013 and 2014.

All proceeds and expenses associated with activities, including softball, are to be accounted for in the District's Student Activity Fund, within which there are sub-accounts for the various activities. The expenses from the activity accounts are to be included on the list of bills presented to the District's Board for its review and approval.

In addition to coaching the high school and junior high softball teams, Mr. Verwers coached softball teams for younger girls. While these teams were composed of students from the District, the teams were not associated with District operations. They were organized under governing bodies, such as the Amateur Athletic Union (AAU), or other locally organized leagues.

District officials became aware Mr. Verwers may have deposited proceeds from softball camps to a credit union account (account) not established and maintained by the District. During the first week of May 2014, the Secondary Principal spoke with Mr. Verwers on several occasions regarding the account. According to notations prepared by the Principal regarding the discussions, Mr. Verwers agreed to provide District officials statements for the account. Based on a preliminary review of the statements, District officials determined the account also included personal financial transactions, including Mr. Verwers' payroll deposits from the District and Graceland University. Mr. Verwers submitted his resignation to the Superintendent through an e-mail on May 7, 2014.

As a result of the concerns identified, District officials requested the Office of Auditor of State review the District's softball program. We performed the procedures detailed in the Auditor of State's report for the period July 1, 2009 through April 30, 2014.

Detailed Findings

The procedures performed identified \$4,258.00 of undeposited collections between January 1, 2011 and April 30, 2014 related to the softball program, including \$1,450.00 of camp registration fees, \$1,100.00 of estimated sign sales, and \$1,708.00 from apparel and equipment resale items. It was not possible to determine whether any additional softball collections were not properly deposited during the period of our investigation because adequate records were not available. If sufficient records had been readily available, additional undeposited collections may have been identified.

Of the \$4,258.00 of softball collections diverted to a non-District account, \$1,567.00 was spent to support the softball program. Although some of the diverted collections appeared to be spent to support the softball program, depositing the collections to the non-District account allowed Mr. Verwers to circumvent the District's approval process for such disbursements.

UNDEPOSITED COLLECTIONS

As previously stated, Mr. Verwers was responsible for collections received from fundraisers, youth camps, and sponsors for advertising signs placed around the softball field. He was also responsible for remitting all fundraising proceeds, donations, and registration fees to the District. However, District officials determined Mr. Verwers deposited some collections to a non-District account.

We obtained and reviewed the statements for the non-District account for the period July 1, 2009 through April 30, 2014. We also obtained and reviewed supporting documents for deposits to the account from January 1, 2011 through April 30, 2014 to determine the source of certain deposits. Supporting documents for transactions prior to January 1, 2011 were not readily available from the credit union which held the account.

During our review of the supporting documents for the deposits, we identified checks which were made payable to "M St. M", which is a common reference to the District. We also identified checks deposited to the account which included notations in the memo portion of the checks which indicated the payments were for "M St. M" softball. However, according to Mr. Verwers, the youth softball teams he coached were also referred to as "M St. M" softball.

In addition, we determined certain deposits were composed of checks issued by parents or family members of the District's softball team. The softball collections identified in the non-District account which were payable to "M St. M", were described as related to softball, or were from parents or family members of the District's softball team are summarized in **Table 1**.

Table 1	
Description	Amount
a) Softball camps	\$ 1,450.00
b) Advertising signs	200.00
c) Other collections	1,708.00
Total	<u>\$ 3,358.00</u>

These deposits are discussed in detail in the following paragraphs.

- a) **Softball Camps** – District officials provided us a copy of a flyer for the 2014 "Winter Softball Hitting Camp." A copy of the flyer is included in **Appendix 1**. As illustrated by the **Appendix**, the flyer included a registration form to be completed for students who wished to participate in the camp.

According to the flyer, the 2014 camp was the 8th annual camp. However, Mr. Verwers stated the camps held prior to 2013 were just for high school students and he never charged anything for high school students to participate in the camps. He also said, “It was just try and bolster” the promotion of the camp and it was to convey they had been doing the camps for a long time.

The flyer also stated the 2014 camp was staffed by Mr. Verwers, the assistant softball coach, and players from the high school varsity softball team. According to District officials, camps prior to 2014 were also staffed by Mr. Verwers, the assistant softball coach, and players from the high school varsity softball team.

According to the flyer, the registration fee for the 2014 camp was \$50 per participant, was due by January 15, 2014, and checks for the registration were to be made payable to “M St. M Softball.” The registration form and payment were to be submitted to Mr. Verwers or mailed to him at his personal residence.

During an interview with Mr. Verwers, he stated he sponsored softball camps in 2010, 2013, and 2014 and the camps were held as fundraisers for the youth softball teams he coached, which he referred to as “M St. M Softball.” He also stated he spoke with the District’s former Activities Director (AD) regarding using the District’s facilities for the 2013 camp. According to Mr. Verwers, he “just gave him [the AD] the dates and I said, now, this isn’t for the high school. This is just to help the younger team fund their stuff. I was told, at that time, make sure that I don’t advertise it as a high school fundraiser and make sure there is a release clause in there that says the school’s not responsible for anything.”

As illustrated by **Appendix 1**, the flyer contained a waiver. The flyer also includes 2 logos. The top logo is used by the District. According to Mr. Verwers, he has used the second logo for the youth softball team for an extended period. As illustrated by the **Appendix**, the second logo refers to “Blue Devil Softball.” The District’s team name is the Blue Devils. The softball team is sometimes referred to as the Lady Blue Devils.

In addition to the District’s logos and team name, it appears the flyer is advertising a camp sponsored by the District based on the following factors:

- Mr. Verwers is identified as the Camp Director and Head Softball Coach of Martensdale St. Marys High School.
- Mr. Verwers’ District email address was listed, along with his personal email address.
- The flyer states, “The camp will also be open to students from other school districts.”
- The flyer was distributed to students through the District’s elementary schools.

In addition, during the interview with Mr. Verwers, he stated the registration forms were mailed to his home address or he picked them up at the elementary school. Because parents returned the forms to the school where their children received them from, it is apparent they expected the camp was a District-sponsored event.

During the interview with Mr. Verwers, we discussed that anyone looking at the flyer would have a perception the camp was sponsored by the high school softball team. During the discussion, Mr. Verwers stated, “When somebody points that out to me, I could see that, but I never. My wife even pointed that out to me. I’m like, I never, I never perceived that M St. M Softball was the school.” Mr. Verwers’ wife stated during the interview the youth team was also called M St. M.

Guidance provided by the Iowa Department of Education states in order for a camp to not be considered a District activity, rent at fair rental value must be charged to the coach for the District's facilities or equipment used. Mr. Verwers did not pay to use the District's gymnasium for the softball camps he sponsored.

Because the 2014 flyer indicated Mr. Verwers held softball camps each year from 2007 through 2014, we reviewed the District's accounting records from 2007 through 2014. Using available records and information from the District and documents available from the credit union, we determined the following for the softball camps sponsored by Mr. Verwers:

- **2007, 2008, and 2009 Camps** – Using the District's accounting records, we determined registration fees for camps held in 2007, 2008 and 2009 were not deposited with the District. We are unable to determine how many participants registered because records, such as camp rosters, registration forms, or other similar documents, were not available. We also were unable to determine the cost of registration for the 2007 through 2009 camps because flyers were not available. As a result, we are unable to determine the expected amount of registration fees.

We were unable to determine if there were any significant amounts deposited to the non-District account prior to July 1, 2009 because statements were not readily available for that period. As a result, we are unable to determine if any registration fees collected for the 2007 through 2009 camps were deposited to the non-District account held by Mr. Verwers.

- **2010 Camp** – In 2010, registration fees totaling \$325.00 were deposited with the District. We are unable to determine how many participants registered because records, such as camp rosters, registration forms, or other similar documents, were not available. We also were unable to determine the cost of registration for the 2010 camp because flyers were not available. As a result, we are unable to determine the expected amount of registration fees or if any fees in addition to the \$325.00 were collected.

According to Mr. Verwers, he sponsored only 1 softball camp at the District prior to 2013. He estimated the camp was in 2010 and stated, "I know for a fact that that deposit was made." He also stated the junior high kids were charged for the camp, he was coaching the junior high at the time, and, "I consider that school affiliated." In addition, he stated there weren't very many participants at the camp and the camp was not continued because the school "had a thing where you can't, you couldn't buy, you couldn't buy coaching apparel, you couldn't buy certain things with camp funds and camp money and everything. I don't remember exactly what it was and we just stopped doing anything."

By reviewing statements for the non-District account to which Mr. Verwers deposited softball collections, we determined \$1,532.00 was deposited to the account on February 16, 2010. However, documents which identify the source of the deposit were not readily available from the credit union. As a result, we are unable to determine if any portion of the deposits were from camp registration fees.

As a result, we are unable to determine if any additional registration fees were collected for the 2010 camp but were not deposited with the District or to the non-District account held by Mr. Verwers.

- **2011 and 2012 Camps** – Using the District’s accounting records, we determined registration fees for camps held in 2011 and 2012 were not deposited with the District. We are unable to determine how many participants registered because records, such as camp rosters, registration forms, or other similar documents, were not available. We were also unable to determine the cost of registration for the 2011 and 2012 camps because flyers were not available. As a result, we are unable to determine the expected amount of registration fees.

According to Mr. Verwers, he did not hold softball camps for younger girls during this period. He also stated, prior to the High School softball team winning the State Championship during the summer of 2012, “I had always done pitching and catching with the kids, which is one of the things the state allows you to do, as a coach, to have contact with the pitchers and catchers throughout the year. So that is what I did. It was whoever wanted to come in came in and when it first started out it was just for high school kids but as we got into it and I came a little more in tune with everything, I allowed younger kids to start coming in.” Mr. Verwers also stated, “Never charged them anything or did anything like that. I even had kids from other schools come in” and “Never charged a dime, you show up, you bring a catcher, I’ll help you. I was just going to do what I could for the game of softball.”

During our review of statements for the non-District account to which Mr. Verwers deposited softball collections and copies of documents obtained from the credit union for the individual deposits made to the account, we did not identify any deposits in early 2011 or 2012 which were related to camp registration fees.

As a result, we are unable to determine if any registration fees were collected for camps held in 2011 and 2012 or their disposition, if collected.

- **2013 and 2014 Camps** – Using the District’s accounting records, we determined registration fees for camps held in 2013 and 2014 were not deposited with the District.

As illustrated by **Appendix 1**, the cost for the 2014 camp was \$50.00 per participant. According to Mr. Verwers, the 2013 flyer was the same as the 2014 version, except for the dates. However, we were unable to determine how many participants registered for the camps because records, such as camp rosters, registration forms, or other similar documents, were not available. As a result, we are unable to determine the expected amount of registration fees.

During the interview with Mr. Verwers, he stated he approached the former District AD after winning the State Tournament in 2012 and asked if he could use the “school facility to do some youth work and use that money as a way to pay for the spring league or fall league.” Mr. Verwers also stated he did not track if everyone who participated in the camps paid the fee.

According to District officials, when Mr. Verwers met with them prior to his resignation, he agreed he deposited collections from the 2013 and 2014 camps into the non-District account he held. However, when we spoke with Mr. Verwers, he stated the former AD was aware proceeds from the 2013 camp were for youth teams. He assumed the same process would be acceptable for the 2014 camp.

Based on notations provided by District officials of their meeting with Mr. Verwers, the deposits to the non-District account for the 2 camps totaled \$990.00 and included a \$440.00 deposit on January 31, 2013 and a \$550.00 deposit on January 21, 2014. However, using images of checks deposited to the account held by Mr. Verwers, we determined the 2013 registration fees were deposited to the non-District account on January 8, 2013 and totaled \$900.00.

Using images of checks deposited to the account held by Mr. Verwers, we also determined the \$550.00 deposited to the non-District account on January 21, 2014 was for 2014 registration fees, as District officials believed.

The camp registration fees deposited to the non-District account totaled \$1,450.00 and are summarized in **Table 2**.

Table 2	
Date of Deposit	Amount
01/08/13	\$ 900.00
01/21/14	550.00
Total	\$ 1,450.00

The credit union was not able to provide images of all checks deposited on January 8, 2013 and January 21, 2014. However, the images available show the checks deposited to the non-District account were payable to "M. St. M Softball" and were for \$50.00 each, the cost of the 2014 camp. Based on the images available, it appears the cost of the 2013 camp was the same as 2014.

One of the check images obtained from the credit union was issued from the personal bank account of the District's Superintendent. We confirmed with the Superintendent the check was the camp registration fee for his daughter to participate in the 2014 camp.

Because we are unable to determine the expected amount of registration fees, we were also unable to determine if any collections were collected but not deposited to the non-District account. In addition, the credit union was not able to provide documentation which would allow us to determine if cash was withheld from the 2 deposits. As a result, we are unable to determine if any additional registration fees were collected but not deposited.

Because the flyers gave the perception the camps were sponsored by the high school softball team and they did not specify the funds raised from the camp would be used for youth softball, the funds raised should have been deposited with the District. As a result, the \$1,450.00 of camp registration fees which were improperly deposited to a non-District account are included in **Exhibit A** as undeposited collections. As stated previously, we are unable to determine the amount of registration fees collected for prior periods because sufficient records were not available.

- b) **Advertising Signs** – Collections are received each year from sponsors in exchange for advertising on signs placed on the fence surrounding the softball field. According to District officials, the collections were solicited from local area businesses by Mr. Verwers.

We reviewed the District's accounting records from 2007 through 2014 and determined the amount deposited to the District for the advertising ranged from \$100.00 to \$1,000.00 per softball season. **Table 3** summarizes the total collections deposited with the District each season.

Table 3	
Season	Amount
2007	\$ 1,000.00
2008	1,000.00
2009	1,000.00
2010	100.00
2011	425.00
2012	900.00
2013	900.00
2014	500.00
Total	<u>\$ 5,825.00</u>

With assistance from District personnel, we identified the individual sponsors from whom collections were recorded during the 2008 through 2014 seasons. Using the District's records, we determined a number of the sponsors were consistent from year to year. However, only 1 collection was deposited with the District for the 2010 season and only 4 collections were deposited with the District for the 2011 season.

In addition, using images of checks deposited to the account held by Mr. Verwers, we identified 2 checks related to the advertising signs which should have been deposited with the District. The checks identified are listed in **Table 4**.

Table 4			
Check Date	Issued by	Memo Line	Amount
05/12/11	Sherri Broadbent	Sign	\$ 100.00
05/01/12	Interstate 35 Telephone Company	<i>none</i>	100.00
Total			<u>\$ 200.00</u>

Based on the District's records, Ms. Broadbent and Interstate 35 Telephone Company advertised prior and subsequent to the 2011 and 2012 seasons, respectively. During the interview with Mr. Verwers, we asked why the 2012 check was deposited to the non-District account. Mr. Verwers stated, "I don't know if that would have gotten into there on accident. I don't know."

Table 5 lists additional sponsors which consistently sponsored signs for the softball field prior to and after the 2010 and 2011 seasons, but from which collections were not deposited for the 2010 and/or 2011 seasons. While we were not able to verify each sponsor listed in the **Table** paid for signs during the 2010 and 2011 seasons, District officials we spoke with stated they expected the sponsors had contributed during the

2010 and 2011 seasons because they had each been long-term sponsors and their signs had consistently been displayed on the softball field fence.

Table 5

Sponsor	Estimated Undeposited Collections		Total
	2010 Season	2011 Season	
City State Bank	\$ -	100.00	100.00
Gehringer Construction	100.00	-	100.00
Miller Electric Services	100.00	100.00	200.0
Spick Land Improvement	100.00	100.00	200.00
Hamco Walker	100.00	-	100.00
Sherri Broadbent	100.00	##	100.00
Interstate 35 Telephone Co.	100.00	-	100.00
Total	\$ 600.00	300.00	900.00

- See **Table 4**. Check from Sherri Broadbent for the 2011 season was deposited in non-District account.

As illustrated by the **Table**, the expected collections from the sponsors which were not deposited with the District total \$600.00 for the 2010 season and \$300.00 for the 2011 season. When these amounts are added to the amounts deposited with the District, the total for each season is less than the amounts deposited in surrounding seasons. As a result, it appears the estimated undeposited collections are a conservative amount.

The \$200.00 of sign proceeds deposited to the non-District account listed in **Table 4** and the \$900.00 of collections listed in **Table 5** are included in **Exhibit A** as estimated undeposited collections.

- c) **Other Collections** – Using images of checks deposited to the account held by Mr. Verwers, we identified additional checks for the District’s softball program which should have been deposited with the District. The checks identified include payments for shirts, jackets, equipment, and plaques after the softball team’s state championship season. The checks identified are listed in **Exhibit B**.

To determine if the checks were for the District’s softball program, we evaluated the following factors:

- payee,
- explanation in memo portion of the check,
- who issued the check,
- date of the check, and
- amount of the check.

According to Mr. Verwers, some of the checks deposited to the account he held were from the family members of his youth softball teams for items such as tournament fees. He stated their checks may be payable to “M St. M.” As a result, not all checks payable to M St. M would have been intended for the District.

Checks which included a notation in the memo line which was related to the District’s softball program, such as “softball jacket”, “Shirt”, or “Plaque,” and checks which were issued by a family member of a District softball player during the District’s softball season were determined to belong to the District. In addition, checks without

notations in the memo line which were for the same amount as other checks which contained explanations to indicate they belonged to the District were also determined to belong to the District.

As illustrated by **Exhibit B**, we identified some checks deposited to the account held by Mr. Verwers which were payable to M St. M but do not appear to be related to the high school softball team. The checks were for \$55.00 or multiples of \$55.00 and were from members of the community other than high school softball players' families. According to Mr. Verwers, clothing and equipment with the M St. M logo were sold as a fundraiser for the youth team he coached. He also stated the products were available to anyone, not just members and families of his youth softball team. District officials were unable to identify what the checks would have been for and were unaware of any sales sponsored by the District which would have had these characteristics. As a result, it does not appear the sale was a fundraiser for the high school softball team. Because the collections were from a broad base of community members and not limited to individuals associated with the high school softball team, we do not consider these collections to belong to the District.

Also as illustrated by **Exhibit B**, \$100.00 of cash was withheld from a deposit of 4 checks which were issued to M St. M Softball in May 2012. Of the 4 checks, 2 included notations in the memo line which indicated the payments were for shirts. The total amount of the 4 checks should have been deposited with the District.

Exhibit B also includes the \$100.00 check from Interstate 35 Telephone Company in the May 14, 2012 deposit. The check is also included in **Table 4**. The \$1,708.00 of deposits identified in **Exhibit B** related to the District, excluding the \$100.00 check from Interstate 35 Telephone Company, are included in **Exhibit A** as undeposited collections.

DISBURSEMENTS FROM NON-DISTRICT ACCOUNT

As previously stated, we obtained and reviewed the statements for the non-District account for the period July 1, 2009 through April 30, 2014. We also obtained and reviewed supporting documents for disbursements from the account from January 1, 2011 through April 30, 2014 to determine if the payments were related to the District's softball program. Supporting documents for transactions prior to January 1, 2011 were not readily available from the credit union which held the account.

During our review of the images of the checks issued from the account, we identified 5 checks which were related to the District's softball program, excluding checks which were related to the sale of clothing and equipment fundraisers for the youth softball team. The checks identified are listed in **Table 6**.

Table 6

Check Date	Check Number	Payee	Memo Line	Amount
06/18/12	2022	Blaines - AVH Screen Printing	M St. M Extra Stuff	\$ 740.00
08/15/12	2030	Awards Plus	M St. M Champ Plaques	278.00
01/08/13	2031	Blaines - AVH Screen Printing	2013 Camp Shirts	336.00
07/18/13	2044	Blaines - AVH Screen Printing	Back packs - State	80.00
01/23/14	2056	Blaines - AVH Screen Printing	2014 Camp shirts	133.00
Total				<u>\$ 1,567.00</u>

When we compared the checks issued from the non-District account to deposits to it, we determined the following:

- For the \$740.00 check issued in June 2012, we identified \$448.00 was deposited to the non-District account in May 2012 and June 2012. The deposits include checks which include notations indicating the payments were for shirts and jackets and were from family members of high school softball players. As illustrated by **Exhibit B**, the checks were issued to M St. M Softball. Because the check for “M St. M Extra Stuff” was approximately \$300.00 greater than the checks deposited to the non-District account for softball apparel, it appears more than the \$448.00 should have been collected for the shirts.

We reviewed the District’s accounting records for this period and identified a \$580.00 deposit on May 25, 2012 which was described as Softball T-shirt resale. We spoke with the District’s Business Manager about the deposit and determined it was a partial amount of total proceeds the District collected for a separate t-shirt sale for which the District purchased the t-shirts. As a result, the \$580.00 deposited by the District is not related to the \$740.00 check from the non-District account.

- As illustrated by **Table 6**, the \$278.00 check issued in August 2012 was described in the memo as “M St. M Champ Plaques.”

We identified \$187.00 was deposited to the non-District account in August 2012 which consisted of checks from high school softball players’ families and included notations indicating the payments were for plaques. Both the check and the deposit occurred after the District’s softball team won the Iowa High School Girls’ Athletic Union Class 1A Softball Championship.

When we spoke with Mr. Verwers, he stated the purchase also included a plaque for himself which is currently located in a trophy case at the District. As previously stated, the deposits to the account included Mr. Verwers’ personal funds. We are unable to determine if Mr. Verwers also received additional payments for the plaque from other players.

- **Table 6** also includes an \$80.00 check issued in July 2013 which is described as “Back packs – State.” Because the District’s softball team participated in the state tournament in July 2013, the payment appears to be for the high school team. We did not identify any deposits to the non-District account near the same time which are similar in amount.

We reviewed the District’s accounting records for this period and did not identify any transactions which appear related to this activity.

- The 2 remaining payments listed in **Table 6** include a \$336.00 check issued in January 2013 and a \$133.00 check issued in January 2014. The checks were described as camp shirts for 2013 and 2014, respectively. When District officials spoke with Mr. Verwers about the non-District account in May 2014, he provided copies of invoices from Blaines/AVH which support the 2 checks. The invoice for the \$133.00 check shows 19 t-shirts were purchased and the invoice for the \$336.00 check shows 56 t-shirts were purchased.

As previously stated, when Mr. Verwers met with District officials prior to his resignation, he agreed he deposited collections from the 2013 and 2014 camps into the non-District account he held. He also stated he paid for certain costs of the camps from the non-District account. Mr. Verwers subsequently provided copies of the 2 invoices to support the payments he made for the camps.

Based on notations provided by District officials, the deposits to the non-District account for the 2 camps total \$990.00 and include a \$440.00 deposit on January 31, 2013 and a \$550.00 deposit on January 21, 2014. After deducting the total of \$469.00 for the 2 invoices for the 2013 and 2014 camp t-shirts, the remaining amount of proceeds from the camps identified by District officials total \$521.00. Mr. Verwers issued a \$521.00 check to the District on May 7, 2014 for the unspent camp registration fees. The \$521.00 payment from Mr. Verwers is included in **Exhibit A** as a reduction of the undeposited collections identified.

We reviewed the District's accounting records for this period and did not identify any collections or payments related to the camps in 2013 or 2014.

Because the checks included in **Table 6** are related to the undeposited collections included in **Exhibit A**, the \$1,567.00 total is included in **Exhibit A** as a reduction of the undeposited collections identified.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Martensdale-St. Marys Community School District to process receipts and disbursements. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the District's internal controls.

- A. Activity Funds – According to the Iowa Association of School Business Officials (IASBO), if a club or sport is seeking donations from sponsors for advertising on posters and an invoice is sent for the amount pledged, the money should be deposited in the District's Student Activity Fund. If boosters are soliciting the donations, this should be stated on the solicitation materials. Collections are received each year from sponsors in exchange for advertising placed on the fence of the softball field. However, not all of the amounts collected for the advertisements in 2010, 2011 and 2012 were properly deposited with the District. Instead, we identified 2 payments which were deposited to a non-District credit union account held by the former softball coach. In addition, we identified other deposits to the non-District account, such as registration fees for camps sponsored by the former coach and various items purchased for resale.

Recommendation – The District should ensure all student activity sponsors are aware of the District's requirements regarding collections and ensure all collections are properly deposited with the District. In addition, the District should ensure all student activities which establish a non-District account are in compliance with current IASBO and Department of Education (DE) guidelines regarding fundraising.

In addition, District officials should request amounts held in non-District accounts which should have been deposited with the District be remitted to the District and consult with legal counsel to identify District funds remaining in the non-District account which should be remitted to the District.

- B. Monthly Activity Reports – According to District officials, they have not established any policies or procedures which ensure financial activity reports are periodically reviewed by District officials and provided to all student activity sponsors. As a result, any irregularities may not be identified in a timely manner and the sponsors are not provided timely information regarding financial transactions.

Recommendation – The District should establish procedures to ensure financial activity reports are periodically reviewed by District officials and provided to all student activity sponsors. Any irregularities, such as collections less than expected or unexpected expenses, identified should be resolved in a timely manner. The sponsors should review the activity for accuracy and completeness and return a "Sponsor Acknowledgement Form" to the Activities Director or a designee to document their review and agreement with or adjustment to the activity reflected in the District's financial records.

Special Investigation of the
Martensdale St. Marys Community School District

Summary of Findings
For the period July 1, 2009 through April 30, 2014

Description	Exhibit/Table/ Page Number	Amount	
Undeposited Collections:			
Softball camps	Table 2	\$ 1,450.00	
Advertising signs:			
Deposited to non-District account	Table 4	\$ 200.00	
Estimated undeposited collections	Table 5	900.00	1,100.00
Other collections	Exhibit B		1,708.00
Subtotal of undeposited collections			4,258.00
Less: High school softball costs	Table 6		(1,567.00)
Repayment from Todd Verwers	Page 15		(521.00)
Net total			\$ 2,170.00

Special Investigation of the
Martensdale St. Marys Community School District

Softball Collections Deposited to Non-District Credit Union Account
For the period July 1, 2009 through April 30, 2014

Deposit Date	Per Check Image Provided by Credit Union				
	Date	Last Name/Vendor Name	Pay To	Memo Line	Amount
03/31/11	03/07/11	Schumacher	Todd Verwers	Spring Ball	\$ 75.00
	03/23/11	Coates	Todd Verwers	Spring Ball	25.00
	03/23/11	Furness	Todd Verwers	Spring Ball	25.00
	03/25/11	Morris	Todd Verwers	4 Sweatshirts	100.00
	03/27/11	Kordick	Todd Verwers	Spring Ball	25.00
	03/27/11	Davidson	Todd Verwers	none	50.00
	03/29/11	Douglas	Todd Verwers	Spring Ball	25.00
06/20/11	05/27/11	Coates	M St. M Softball	Softball Jacket	50.00
	05/01/12	Interstate 35 Telephone Company	M St. M Softball	none	100.00
	05/08/12	Jordan	M St. M Softball	4 shirts	53.00
	05/11/12	Kordick	M St. M Softball	SB shirt order	118.00
08/07/12	05/11/12	Walker	M St. M Softball	none	77.00
	05/22/12	Ferin	M St. M Softball	Softball Jacket	50.00
	05/25/12	Kraber	M St. M Softball	Jacket/shirt	100.00
	08/05/12	Sweet	M St. M Softball	none	25.00
08/13/12	08/05/12	Dooley	M St. M Softball	Plaque	25.00
	08/05/12	Davidson	M St. M Softball	Plaque	25.00
	08/05/12	Kraber	M St. M Softball	none	25.00
	08/05/12	Schumacher	M St. M Softball	none	25.00
	08/06/12	Byers	M St. M Softball	none	25.00
	08/06/12	Ferin	M St. M Softball	none	25.00
	08/12/12	Byers	M St. M Softball	none	12.00
	08/14/12	Stott	Todd Verwers	none	50.00
08/15/12	08/14/12	Dicesare	Todd Verwers	none	50.00
	08/14/12	Stewart	Todd Verwers	none	50.00

Total Gross Deposit	Cash Withheld from Deposit	Net Deposit	Undeposited District Collections
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325.00	-	325.00	325.00
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50.00	-	50.00	50.00
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348.00	100.00	248.00	348.00
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150.00	-	150.00	150.00
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187.00	-	187.00	187.00
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150.00	-	150.00	150.00
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Special Investigation of the
Martensdale St. Marys Community School District

Softball Collections Deposited to Non-District Credit Union Account
For the period July 1, 2009 through April 30, 2014

Deposit Date	Per Check Image Provided by Credit Union				
	Date	Last Name/Vendor Name	Pay To	Memo Line	Amount
01/31/13	01/17/13	Stewart	M St. M Softball	Softball Helmet	55.00
	01/20/13	Alexander	M St. M Softball	Halle Alexander	55.00
	01/21/13	Kleve	M St. M Softball	Helmet and "5" clothing pieces	110.00
	01/23/13	Stewart	M St. M Softball	bag	55.00
	01/23/13	Stewart	M St. M Softball	none	110.00
	01/27/13	Furness	M St. M Softball	none	55.00
02/05/13	01/21/13	Hart	M St. M Softball	none	55.00
	01/21/13	Hart	M St. M Softball	none	55.00
	01/27/13	Shutt	M St. M Softball	none	55.00
	01/28/13	Kraber	M St. M Softball	none	55.00
	01/30/13	Stott	M St. M Softball	none	55.00
	01/31/13	Morris	M St. M Softball	none	165.00
	02/01/13	Newbury	Left Blank	5 for 55/backpack	110.00
	02/01/13	Hart	M St. M Softball	none	55.00
	02/02/13	Trom	M St. M Softball	Jen's softball clothes	55.00
	02/02/13	Gavin (Agatha)	M St. M Softball	none	55.00
	02/02/13	Coates	M St. M Softball	Softball	55.00
	02/03/13	Dicesare	M St. M Softball	none	165.00
	02/03/13	Davidson	M St. M Softball	none	165.00
	02/03/13	Walker	Todd Verwers	Kailey - 5 for 5 batbag	110.00
	02/03/13	Devore	M St. M Softball	5 for 55	110.00
	02/03/13	Walker	Todd Verwers	5 for 5 Batbag	110.00
	02/03/13	Noga	M St. M Softball	5 for \$55	55.00
	02/03/13	Jordan	M St. M Softball	Jamie's Softball	55.00
	02/03/13	Ferin	M St. M Softball	none	55.00
	02/03/13	Devore	M St. M Softball	Worth Backpack	55.00
	02/03/13	Keller	M St. M Softball	Kylie Keller	55.00
	02/03/13	Nielsen	M St. M Softball	none	55.00
	02/03/13	Gibson	M St. M Softball	none	55.00
	02/04/13	Schumacher	M St. M Softball	none	59.00
	02/04/13	Minella	M St. M Softball	none	110.00
	02/04/13	Alexander	M St. M Softball	none	110.00
	02/04/13	Stott	M St. M Softball	none	55.00

Total Gross Deposit	Cash Withheld from Deposit	Net Deposit	Undeposited District Collections
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440.00	-	440.00	-
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2,149.00	-	2,149.00	-
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Special Investigation of the
Martensdale St. Marys Community School District

Softball Collections Deposited to Non-District Credit Union Account
For the period July 1, 2009 through April 30, 2014

Deposit Date	Per Check Image Provided by Credit Union				
	Date	Last Name/Vendor Name	Pay To	Memo Line	Amount
02/08/13	02/04/13	Hughes	M St. M Softball	2 bags	110.00
	02/07/13	Shutt	M St. M Softball	2 backpacks	110.00
02/15/13	02/13/13	Stewart	M St. M Softball	none	100.00
	02/13/13	Dicesare	M St. M Softball	Kailyn Softball	100.00
08/26/13	* 08/25/13	MSt.M Booster Club	M St. M Softball	none	170.00
04/07/14	04/06/14	Bauer	M St. M Softball	none	115.00
	04/06/14	Ellis	M St. M Softball	none	113.00
	Total				\$ 4,617.00
	Less: Check from Interstate 35 Telephone Co. deposited on 05/14/12 which was included in Table 4.				
	Net amount				

* - Deposit included \$742.50 check payable to Mr. Verwers which was not related to District softball.

Total Gross Deposit	Cash Withheld from Deposit	Net Deposit	Undeposited District Collections
220.00	-	220.00	-
200.00	-	200.00	200.00
170.00	-	170.00	170.00
228.00	-	228.00	228.00
4,617.00	100.00	4,517.00	1,808.00
			(100.00)
			1,708.00

Report on Special Investigation of the
Martensdale-St. Marys Community School District

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Matt Hickenbottom, Assistant

A handwritten signature in cursive script that reads "Tamera S. Kusian".

Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of the
Martensdale St. Marys Community School District

Flyer for Winter Softball Hitting Camp

Roster

1	Lauren	FR
3	Kyla	SO
5	Laci	JR
6	Sarah	SO
9	Madison	SO
10	Jamie	SO
12	Riley	SR
13	Riley	SO
14	Vicki	SR
18	Kaci	FR
21	Gentry	JR
23	Nicole	JR
24	Kylie	FR
29	Kylah	JR

3rd & 4th Grade Schedule

January 19 th , 2014	4:00 pm
January 26 th , 2014	4:00 pm
February 2 nd , 2014	4:00 pm
February 9 th , 2014	4:00 pm
February 16 th , 2014	4:00 pm
February 23 rd , 2014	4:00 pm


5th & 6th Grade Schedule

January 19 th , 2014	5:00 pm
January 26 th , 2014	5:00 pm
February 2 nd , 2014	5:00 pm
February 9 th , 2014	5:00 pm
February 16 th , 2014	5:00 pm
February 23 rd , 2014	5:00 pm

Head Coach
Todd W. Verwers

Assistant Coach
Brian Sweet


***Former and present
Blue Devil players will
be helping with this
years camp.**



**Martensdale-St. Marys
High School**

2014

Winter Softball Hitting Camp



St. Marys Gymnasium
Sundays in January & February

3rd & 4th Grade @ 4:00 pm
5th & 6th Grade @ 5:00 pm

Report on Special Investigation of the Martensdale St. Marys Community School District

Flyer for Winter Softball Hitting Camp

REGISTRATION FORM

Name _____

Parent Name _____

Address _____

Daytime Phone _____

Cell Phone _____

Player's Birthdate _____ Age _____

Grade in School _____

Campers Favorite Position _____

T-Shirt Size YS YM YL S M L XL 2XL

Medical Information:

Current Tetanus Shot Yes No

Any Allergies _____

Other Medical Problems _____

Emergency Contact:

Name _____

I hereby authorize any necessary medical treatment from injuries or illnesses in connection with the camp. I acknowledge and understand that a risk of possible physical injury or illness exists in participating in any sports camp. I will not hold the camp staff or Martensdale-St. Marys H.S. responsible.

Parent or Guardian Signature: _____

Date: _____

Registration Deadline / Info

Please return the registration form to the MSTM Elementary School office or mail it to:

Todd W. Verwers

3918 Harrison Street

Prole, Iowa 50229

*Registration due by Wednesday, January 15th, 2014.

Camp Cost

Camp cost for each individual is \$50. Please make checks out to **MSTM SOFTBALL**.

Check in Information

*Please have campers to the gym about 15 minutes early every Sunday. We want to make sure each camper is properly stretched before starting any of the hitting activities.

WHAT TO BRING

Tennis Shoes, Your Own Bat, Batting Gloves, Your Own Water Bottle

FUNDAMENTALS STRESSED

Stance & Grip
Stride vs. No Stride
Contact Point Objective
Follow Through & Finish
Complete Swing
Mental Approach
Bunting Tech/Philosophy
Purpose of Drills

***EACH SESSION WILL LAST APPROXIMATELY**

1 HOUR

Camp Director

Todd W. Verwers

Head Softball Coach

Martensdale St. Marys High School

*MSTM Head Softball Coach Todd Verwers serves as camp director. Coach Verwers is entering his 8th season as the head softball coach at MSTM. Under his leadership, the Blue Devils have reached the state tournament the past six seasons. In 2012 the Blue Devils won the Class 1A State Championship. They hold a 11-7 win/loss record in State Tournament play.

todd_verwers@mstm-ids-

@msn.com

515-

General Information

Welcome to the 8th annual Martensdale-St. Marys Softball Hitting Camp. This years camp is being expanded to include all girls in the 3rd, 4th, 5th, and 6th grades. This portion of the camp will meet Sunday afternoons during the months of January & February 2014. The 3rd/4th grade group will meet at 4:00 pm. The 5th/6th grade group will meet at 5:00 pm. All camp sessions will meet at the St. Marys Gym and will last about an hour. The camp will also be open to students from other school districts. Each camper will receive their own 2014 camp t-shirt.